

IASB Technical Update

Global Preparers Forum
October 2019

The views expressed in this presentation are those of the presenter, not necessarily those of the International Accounting Standards Board or the IFRS Foundation.



Current work plan

IFRS Amendments expected 2019

3

The Board expects to issue the following IFRS amendment in 2019:

IBOR Reform and its Effects on Financial Reporting

Classification of Liabilities as Current or Non-current

Exposure Drafts out for comment

Comments due by

Amendments to IFRS 17 *Insurance Contracts*

25 September

Updating IFRS 3 reference to the
Conceptual Framework

27 September

Deferred tax related to assets and liabilities
from a single transaction

14 November

Disclosure Initiative—Accounting Policy Disclosure

29 November

Board considering feedback on Exposure Drafts

Next steps

Property, Plant and Equipment: Proceeds before Intended Use

Issue amendment
Q1 2020

Onerous Contracts—Cost of Fulfilling a Contract

Decide project direction
September 2019

Accounting Policies and Accounting Estimates

Decide project direction
Q4 2019

Accounting Policy Changes

Decide project direction

Annual Improvements to IFRS Standards
2018 – 2020

Exposure Draft
feedback

Other technical projects

Next steps

Disclosure Initiative—Targeted Standards-level Review of Disclosures

Exposure Draft

IBOR Phase 2

Exposure Draft

Financial Instruments with Characteristics of Equity

Decide project direction
September 2019

Research projects—Early stage

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Provisions

Assess whether to make targeted improvements to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*

Subsidiaries that are SMEs

Research whether subsidiaries that are SMEs could apply recognition & measurement requirements of IFRS Standards with disclosure requirements of the *IFRS for SMEs* Standard

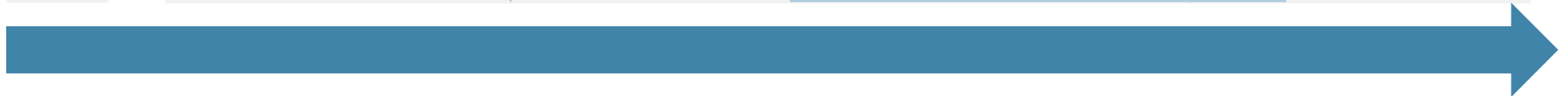
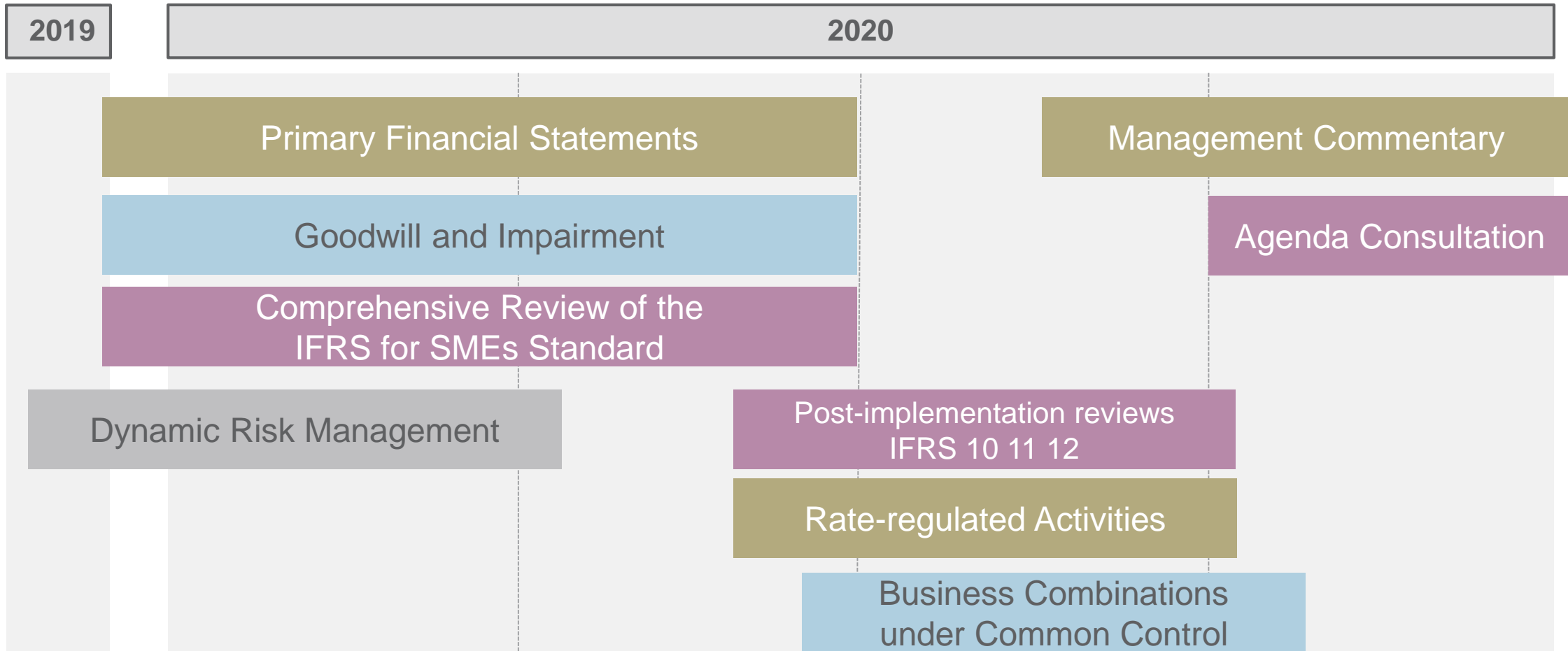
Extractive Activities

Gather evidence to decide whether to start a project to replace IFRS 6 *Exploration for and Evaluation of Mineral Resources*

Pension Benefits that Depend on Asset Returns

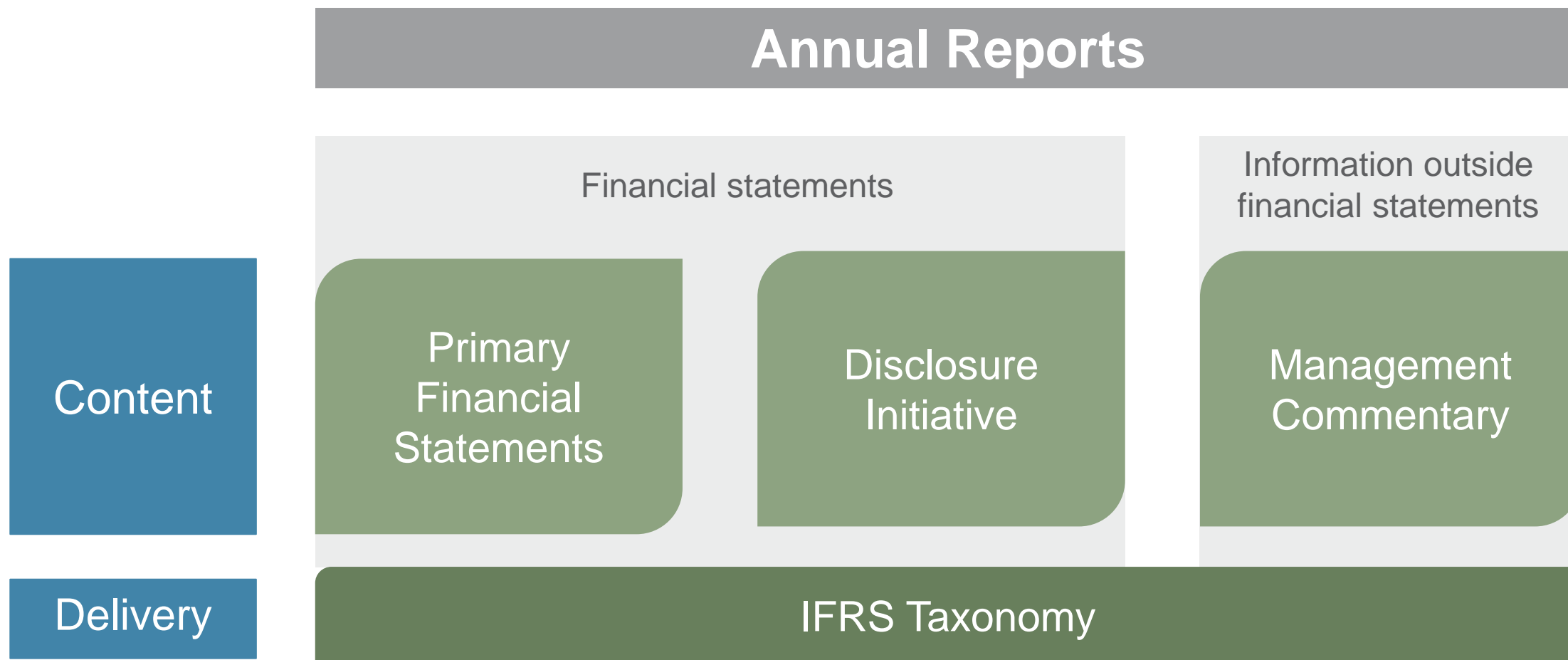
Address inconsistency arising when amount of pension benefits depends on the return of a specified pool of assets, but pension liability is measured using a discount rate determined by reference to high quality corporate bond rates

2020 major consultations





Better Communication in Financial Reporting





Disclosure Initiative

Disclosure Initiative—overview of projects

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Active projects

Targeted
Standards-level
Review of
Disclosures

Accounting
Policy
Disclosures

Exposure Draft
issued on 1 August
2019

Completed projects

Amendments to
IAS 1 and IAS 8 —
Definition of
Material

Materiality Practice
Statement

Better
Communication
Case Studies

Amendments to
IAS 1 to remove
barriers to
application of
judgment

Amendments to
IAS 7 to improve
disclosure of
changes in
financing liabilities

Principles of
Disclosure
research project

Disclosure Initiative—What has the Board already done?

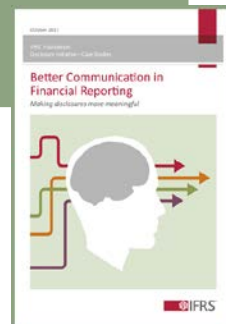
1 Removed barriers to the application of judgement



2 Provided tools to help companies make more effective materiality judgements



3 Provided real examples of how companies have improved communication in financial statements



4 Developed materials to help companies provide better information about financing liabilities



Disclosure Initiative—What we heard on employee benefits

Users of financial statements

Employee benefit disclosures provided today often *do not* meet their primary objectives

Better information about expected cash flow effects would be more useful

Ineffective communication about the effect of these plans on the primary financial statements is a problem

Users focus *primarily* on defined benefit plans

Preparers and other stakeholders

Many of the disclosures required by IAS 19 are difficult and onerous to prepare

Tentative Board decisions

Defined benefit plans

Include specific disclosure objectives for entities to disclose information about ...

amounts and the components of those amounts in the primary financial statements

expected future cash flows resulting from the defined benefit obligation and the nature of those cash flows

nature of the benefits provided by the plans, investment risks the plans expose the entity to and strategies for managing the plans and the associated risks

time period over which payments will continue to be made to members of plans that are closed to new members and for which the entity still has an obligation

significant actuarial assumptions

drivers of changes in the net defined benefit liability or asset during a period

Include a high-level catch-all objective that...

captures the key information needs of users

addresses aggregation and disaggregation of information provided

What we heard on fair value measurements

Users of financial statements



Fair value disclosures provided today often *do* meet their primary objectives

Potential changes to IFRS 13 are not critical

Expressed concerns about the application of materiality to IFRS 13 disclosures

Suggested additional disclosures for Level 2 fair value measurements

Preparers and other stakeholders



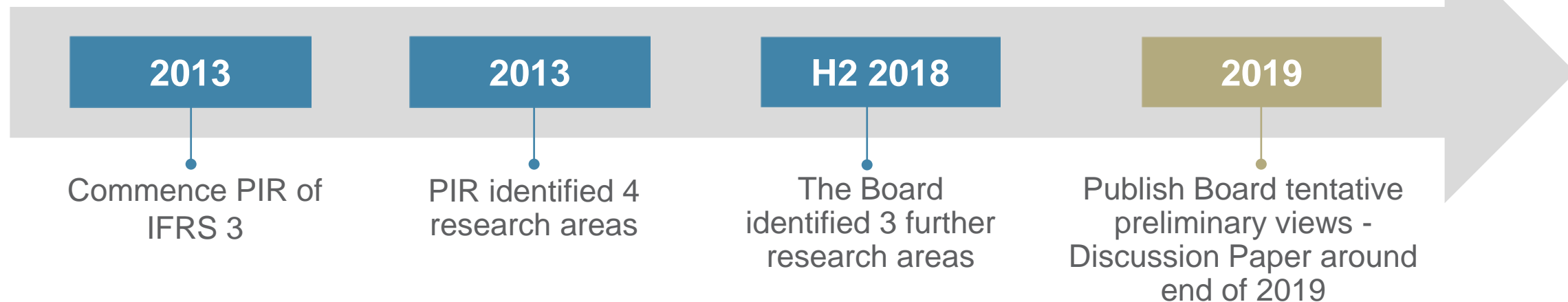
Many of the disclosures required by IFRS 13 are difficult and onerous to prepare

Users rarely ask any questions about those disclosures

Goodwill and Impairment

Goodwill and Impairment project

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What is the project objective?

Explore whether companies can provide **more useful information** about business combinations, enabling users to **hold management to account** for their acquisition decisions at a reasonable cost

Next steps

- Discussion Paper expected around end of 2019

Main issues the Board is addressing

19



Information on subsequent performance of an acquisition inadequate



Goodwill impairment losses 'too late'
– reintroduced amortisation



Impairment test costly and complex

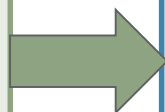


Challenges identifying and measuring some intangible assets

- **Improve disclosures** about the acquisition and subsequent performance
- Not feasible to make impairment test significantly more effective
- Do **NOT** reintroduce amortisation of goodwill
- Present total equity before goodwill
- **Simplify** the impairment test
- Identifiable intangible assets **NOT** to be included in goodwill

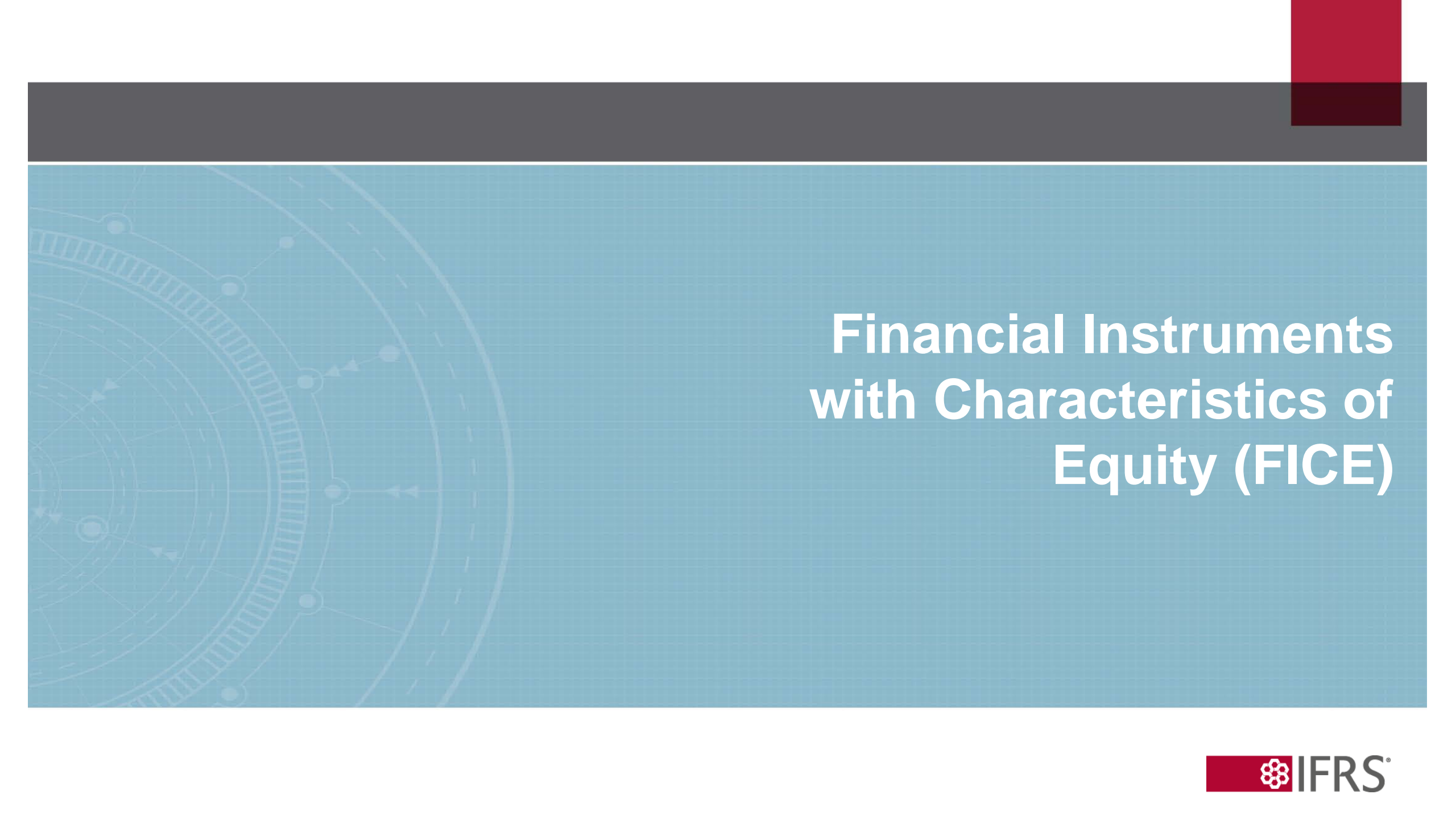
Feedback

- **Users** want to understand:
 - key drivers of the acquisition price
 - subsequent performance of the acquisition
- **Preparers**—IFRS 3 disclosures excessive



Preliminary views

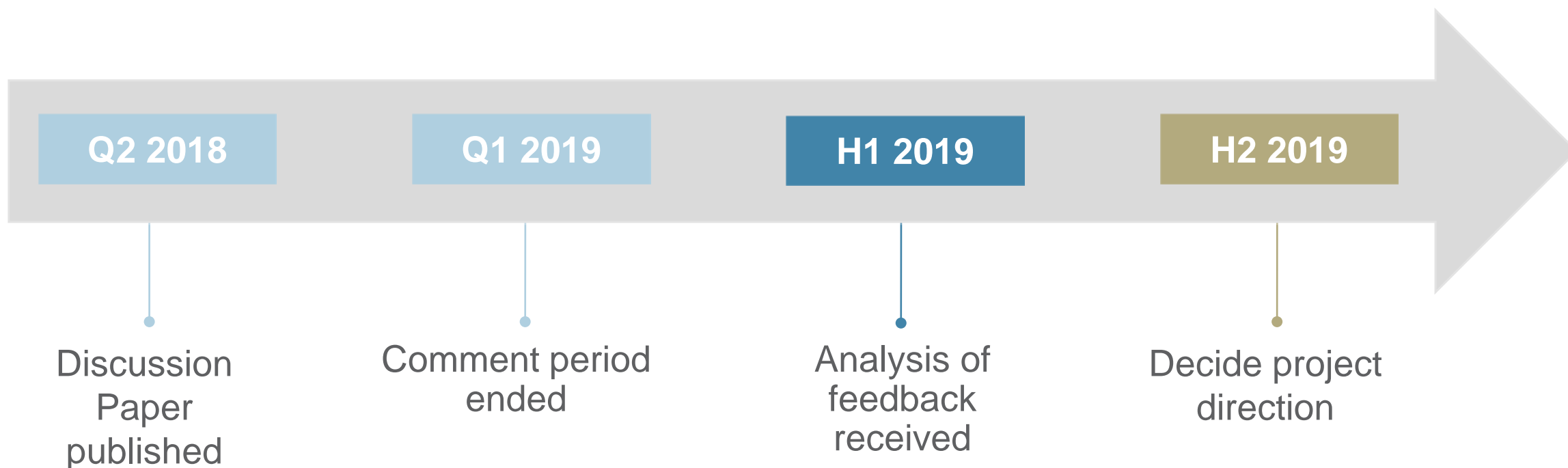
- **Improve the disclosure objectives**
 - evaluate strategic rationale for business combination
 - understand key drivers of acquisition price
 - evaluate subsequent performance of acquisition
- Add **subsequent performance** disclosure requirements
- **Targeted disclosure improvements**



Financial Instruments with Characteristics of Equity (FICE)

Timeline and problem to address

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Problem




IAS 32 *Financial Instruments: Presentation* works well for most financial instruments, but presents challenges for some complex financial instruments

Limited information available on equity instruments

FICE—feedback on Discussion Paper

Classification	Presentation	Disclosure
 Timing feature	 Separate presentation of financial liabilities	 Priority on liquidation
 Amount feature	 Attribution within equity	 Maximum dilution of ordinary shares
 Contractual terms		 Terms and conditions

Key

-  Green: broadly agree with no or limited qualifications
-  Amber: partially agree with some issues that need addressing or mixed views
-  Red: broadly disagree and/or concerns raised

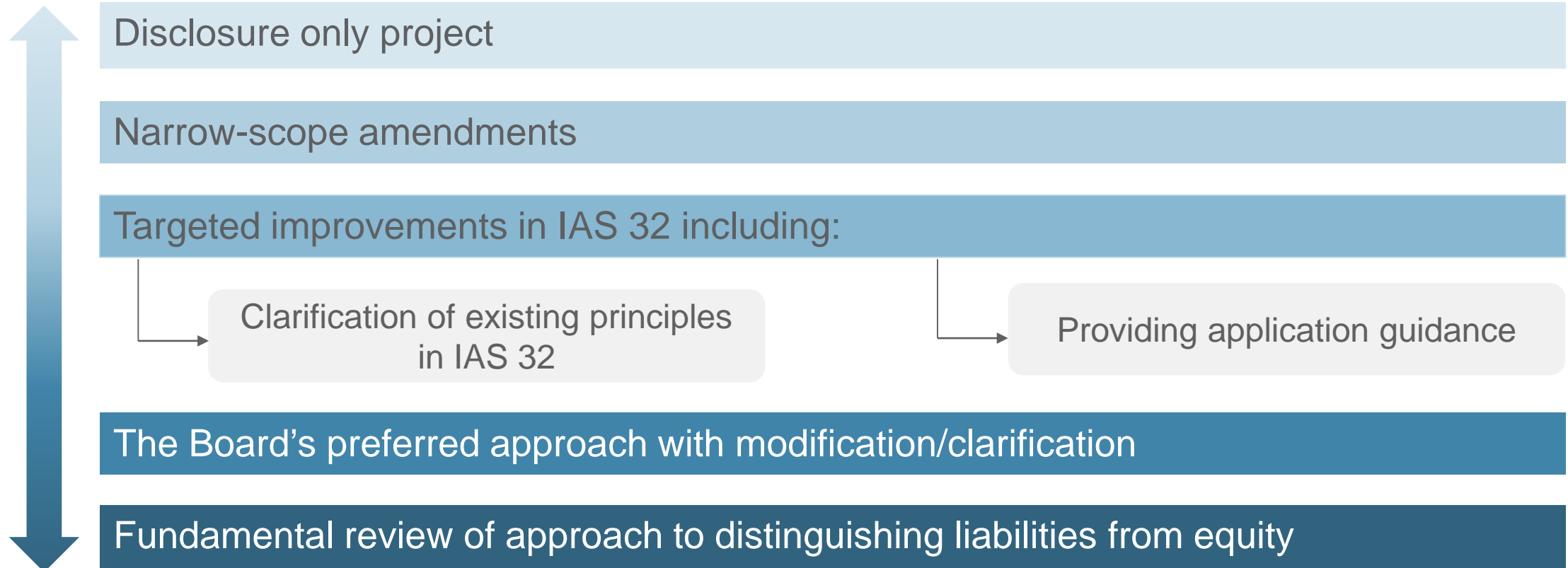
128 comment letters



Next steps The Board will discuss the project's direction at a future meeting

FICE—do stakeholders think standard-setting is required?

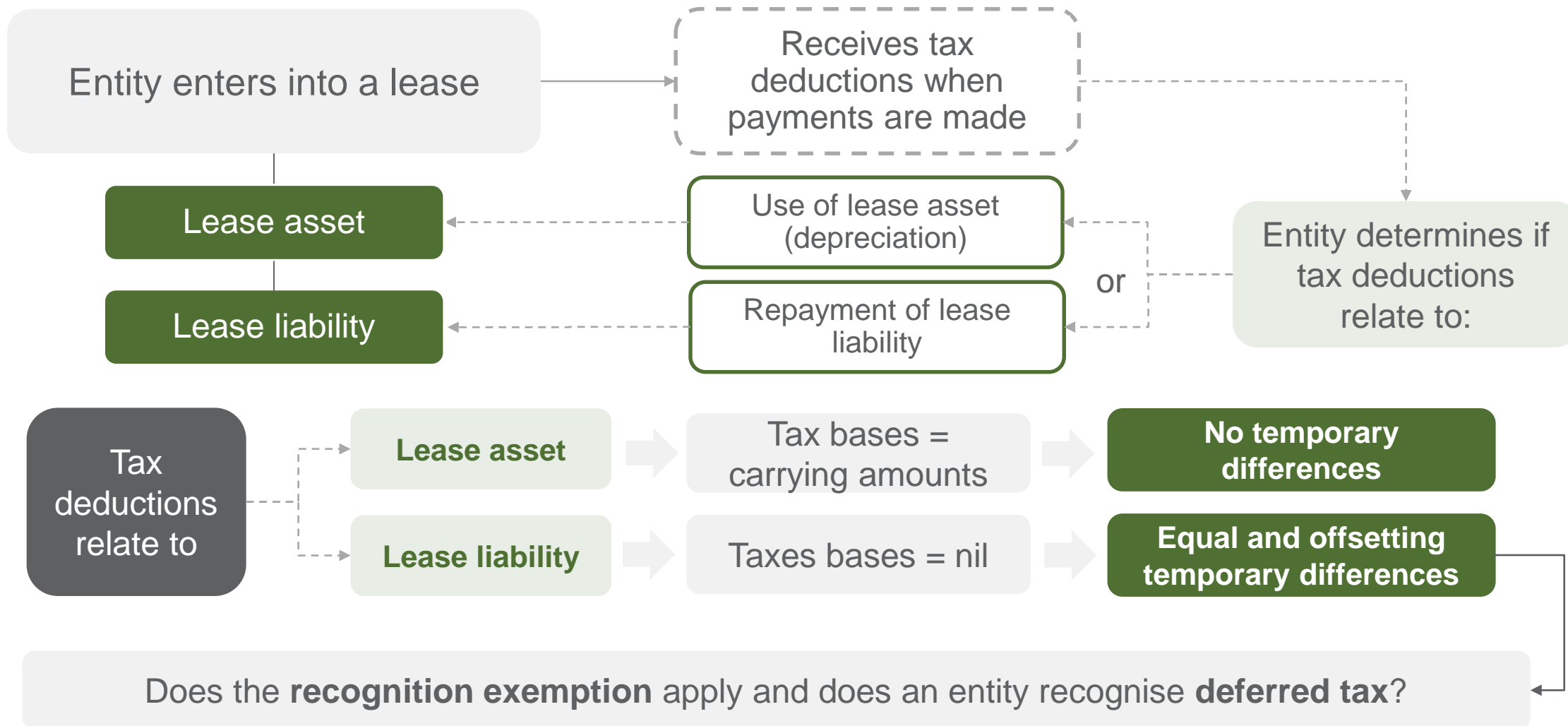
General support for standard-setting to address known practice issues but mixed views:





Exposure Drafts out for comment

Deferred tax related to assets and liabilities arising from a single transaction (IAS 12)



Deferred tax related to assets and liabilities arising from a single transaction (IAS 12)

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Board proposes to amend IAS 12 *Income Taxes*

Board considered the purpose of the recognition exemption

Leases may give rise to **equal** and **offsetting** temporary differences

Exemption is not needed



Narrowing the scope of the recognition exemption

An entity recognises deferred tax **to the extent** that the transaction gives rise to **equal amounts** of **deferred tax assets** and **liabilities**



Reasons for the amendment

- Faithful representation
- Reduce diversity
- Narrow in scope



Share your views

- Exposure draft issued in July
- Open for comment for 120 days



Comment letter deadline: 14 November 2019



Helpful material

Sufficient time for implementing agenda decisions

New information from agenda decisions



Explanatory material in agenda decisions provides new information



Entities may determine a need to change their accounting policy



Some changes require time to implement

Board's view

The Board expects companies to be entitled to sufficient time to implement changes in accounting policy that result from an agenda decision.

How the Board is trying to help?

New rubric in IFRIC update

Feature: Agenda decisions—time is of the essence

More information on our website:

[ifrs.org](https://www.ifrs.org)

Resources available on our website



Website
www.ifrs.org



Video



Leaflet
Supporting IFRS
Standards

Supporting materials sorted by Standard

IFRS Standards

IFRIC
Interpretations

News and events



For example, for IFRS 9 *Financial Instruments*



Webinars



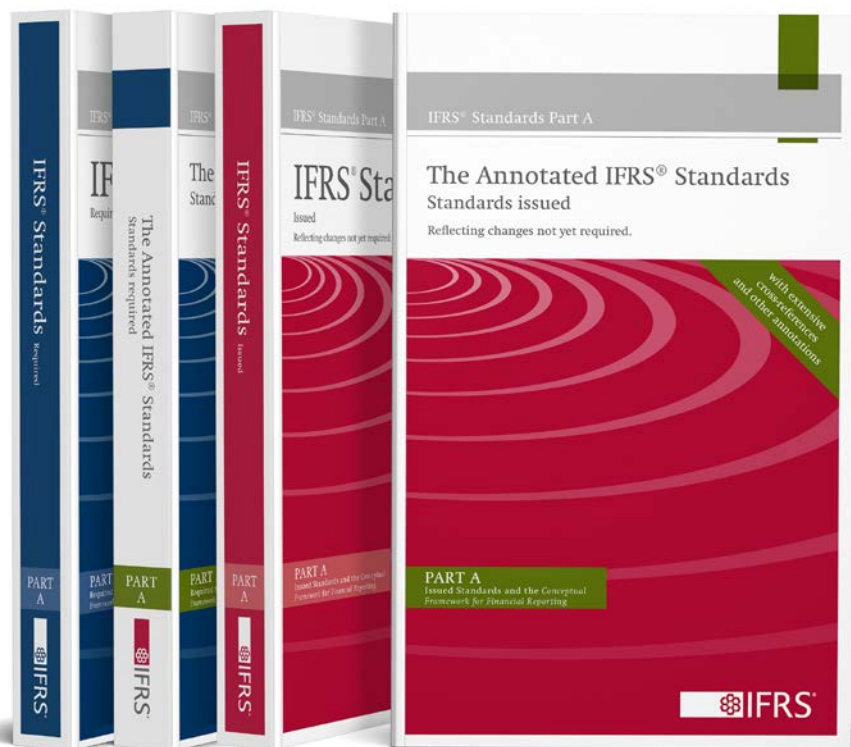
Articles



Transition
Resource
Group



Agenda
decisions



IFRS Standards

The IFRS[®] Standards
Required 2019

The IFRS[®] Standards
Issued 2019

IFRS Standards + extensive cross-references + annotations

The Annotated IFRS[®]
Standards Required 2019

The Annotated IFRS[®]
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Annotated IFRS Standards also available in Spanish

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